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Parliamentary accountability in multilevel governance: what role for parliaments in post-crisis EU economic governance?

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ABSTRACT

How has the new structure of European Union (EU) economic governance affected the ability of parliaments (national and European) to scrutinize and control economic policy? Departing from the premise that executive power needs to be matched by appropriate parliamentary control, this contribution argues that parliamentary powers have been compromised in EU economic governance. Although budgetary powers remain formally at the national level, governments' decisions have become constrained and national parliaments find themselves on the losing side of a reinforced two-level game. This loss in parliamentary powers is not compensated at the European level, as at that level political authority is effectively left suspended between the national governments, who are unaccountable as a collective, and the European Commission, which lacks a political mandate of its own. Against this background, a final section identifies guidelines for organizing parliamentary accountability in settings, like EU economic governance, in which executive power has come to be shared across levels.

KEYWORDS Accountability; democratic deficit; European Parliament; European Semester; parliaments

Introduction

In the steady stream of reports on the future of Economic and Monetary Union (EMU) that have appeared in recent years, it has become a common habit to reserve the final section for the question of democratic legitimacy (European Commission 2012: Section 4; European Commission 2015b: Section 6; Juncker *et al.* 2015: Section 5; Van Rompuy *et al.* 2012: Section V). These sections tend to remain rather general in character. Typically, they flag that any steps towards further integration in economic affairs 'should go hand-in-hand with greater democratic accountability,

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legitimacy and institutional strengthening' (Juncker *et al.* 2015: 17). Then, slightly more specifically, it is underlined that parliaments – national parliaments and the European Parliament – are to play a key role in this. Here the 'guiding principle' is that 'democratic control and accountability should occur at the level at which the decisions are taken' (*cf.* European Commission 2012: 35; European Parliament 2015b: 12; Van Rompuy *et al.* 2012: 16). Any more concrete proposals, however, are limited to increasing the efficiency of the ways that parliaments are *consulted* in the European Union's (EU's) economic governance; they stop short of offering parliaments any binding powers.

This contribution seeks to assess how and to what extent the new structure of economic governance of the eurozone has affected the ability of parliaments (national *and* European) to scrutinize and control economic policy. It thus follows the reports mentioned in their normative assumption that parliaments play a key role in ensuring democratic legitimacy and accountability of economic governance. This assumption is developed in the next section, which also underlines the distinctive challenges that emerge once executive power comes to be shared between the national and the supranational level. Against this normative background, the rest of the contribution examines the shifts in economic policy-making power that the new structure of EU economic governance involves and the forms of parliamentary accountability by which these have been matched. Thus, this account offers a holistic view of parliamentary accountability of EU economic governance at both levels, while previous analyses tend to focus on the national (Fasone 2015; Jančić 2016) or the supranational (Fasone 2014) level alone.

In this contribution, I argue that, while the crisis has not led member states to actually transfer economic competences to the European level, it has led them to succumb to a much-reinforced system of surveillance. My central claim is that this system, taken as a whole, undermines parliamentary scrutiny and control. Although the eventual right to adopt the budget is preserved at the national level, governments' economic decisions are increasingly constrained and parliaments thus find themselves at the losing side of a reinforced two-level game. At the same time, this loss in parliamentary powers is not compensated at the European level, as at that level political authority is effectively left suspended between the national governments, who are unaccountable as a collective, and the European Commission, which lacks a political mandate of its own. In light of this two-level diagnosis, a final section identifies guidelines for organizing parliamentary accountability in settings, like the European Semester, in which executive power has come to be shared across levels.

Theorizing parliamentary accountability in multilevel governance

Parliaments' role in democratic political systems is generally seen as embedded in a chain of delegation in which they act as the intermediary between the electorate and the executive (Strøm 2000). This chain of delegation is exemplified in the fact that elections determine the composition of the parliament and, in parliamentary systems, the composition of parliament in turn determines the composition of the executive. In between elections, processes of parliamentary accountability (information provision, questions, debates, motions etc.) serve to secure that the executive remains aligned with the preferences of the electorate. Thus, parliamentary accountability tracks executive authority.

This understanding of parliamentary accountability relies on a substantial set of normative presuppositions (*cf.* Bovens 2007). It posits parliament as the arena where the exercise of executive power is subject to public justification. The metaphor of an 'arena' is appropriate here, as the executive does not only put forward its justifications, but is likely to find its account critically challenged by alternative accounts from parliament. Depending on the justification offered, parliament usually concedes a certain degree of discretion to the executive. Ultimately, however, the process of parliamentary accountability can be understood as staked on the potential of parliament imposing sanctions on the executive, with the removal from office as the ultimate threat.

This model of parliamentary accountability becomes challenged once states become enmeshed in a multilevel political system like the European Union (Crum and Curtin 2015). If one insists that member states retain ultimate authority within the multilevel system, then accountability can still be offloaded in each of the national parliaments involved. This can be called the 'intergovernmental model'. Its opposite is the 'supranational model' in which executive authority is effectively delegated to the supranational level and is accountable to a corresponding supranational parliament, like the European Parliament (EP).

More complex, however, are the in-between situations in which member states retain a certain level of autonomy but at the same time become constrained by supranational norms. In practice, this seems to be the predominant situation in much of EU policy-making. It is particularly prominent to the extent that states pool powers among themselves rather than that they delegate them to a supranational authority (*cf.* Moravcsik 1998: 67ff.). In doing so, each government retains its own voice, but is eventually bound and constrained by the collective will of all the governments together. Typically, this situation has been addressed by relying on a double-key of parliamentary control, in which European decisions are both directly controlled by the EP as well as indirectly through the controls that national parliaments

maintain on their governments in the Council of Ministers. Most importantly, this applies to the standard legislative procedure of the Union (*cf.* Article 10(2) TEU).

Whereas the intergovernmental and the supranational model of parliamentary accountability are rather straightforward, the double-key model raises important conceptual, normative and practical challenges. These concern in particular the interrelation between the two channels of representation (*cf.* Crum and Fossum 2013). In fact, the famous ‘democratic deficit’ of the European Union may be understood most concretely as a shortfall in the capacity of the supranational parliamentary power to compensate for the reduction of parliamentary powers at the national level (Weiler *et al.* 1995). In contrast, Andrew Moravcsik (2012: 66) has submitted that the superimposition of direct and indirect parliamentary controls actually means that EU decision-making is marked by a ‘democratic surplus’. In their conclusion to a recent survey of executive accountability in the EU, Crum and Curtin (2015: 87) assign some credits to both positions as they assert:

there is a dire need in the EU to align power with responsibility. While it may be true that at present too many EU actors are held responsible for things they do not hold power over, it certainly is also true that there are too many actors exercising EU power for which no one can be held appropriately responsible.

It is in light of these different understandings of parliamentary accountability in the EU that the central question of this contribution – how and to what extent the new structure of economic governance of the eurozone has affected the ability of parliaments to scrutinize and control economic policy – needs to be read. Both understandings share the normative presupposition that executive power should be matched by parliamentary accountability (*cf.* Van Rompuy *et al.* 2012: 16). The empirical question then becomes whether the new structure of economic governance has involved a shift in executive power and, if so, whether that shift has been matched by an appropriate and effective shift in parliamentary prerogatives at the national and/or the European level. Furthermore, if executive powers in economic governance are by now shared between the national and the European level, the case of the new economic governance in the EU (which is mostly non-legislative in character) may offer new pointers as to how parliamentary accountability across the two levels is best co-ordinated.

EU economic governance – before and after the crisis

Ahead of the crisis, the structure of executive power and accountability in EU economic governance closely resembled the intergovernmental model in which member states remain the main centres of authority and are accountable to their national parliaments. The insistence on the primacy of national

macroeconomic policy-making accounts for the well-known asymmetry in the design of EMU. Member states lost control over their exchange rate and much of their ability to manipulate interest rates was moved to the European Central Bank (ECB). However, a complete harmonization of financial and economic policies was considered unnecessary. All that was provided for was the Stability and Growth Pact (SGP) (Heipertz and Verdun 2010), which defined a few parameters within which the public finances of the eurozone countries were to operate, most importantly a maximum cap on the budget deficit of 3 per cent of gross domestic product (GDP). At the same time, supranational powers in economic governance were limited and severely constrained. The European Commission was tasked with monitoring the economic performance of the member states, but its powers remained subject to the political instructions and approval of the national governments (Savage and Howarth 2017).

Obviously, this structure of governance was severely shaken up as the financial crisis erupted in late 2008 and gradually morphed into a sovereign debt crisis in the eurozone. Beyond the bail-outs of individual governments and the adoption of new treaties, the most structural EU policy response to the euro crisis has been the build-up of the European Semester. Essentially, the European Semester involves the systematic reviewing of national budget plans and economic outlooks by the EU in the spring (semester) ahead of their formal adoption in the autumn. As such, the European Semester builds upon the multilateral surveillance of economic policies as it already took place before the crisis through the SGP and the Broad Economic Policy Guidelines.

Through a number of EU laws (the so-called 'Six-Pack' and 'Two-Pack'), macroeconomic surveillance has been stepped up (*cf.* Verdun and Zeitlin 2017). For one, with the addition of a Macroeconomic Imbalance Procedure (MIP), the scope of European surveillance has been broadened beyond public finance to also include macroeconomic indicators (e.g., about private debt, liabilities in the financial sector and unemployment). The most visible feature of the European Semester is that it harmonizes the different review procedures in a single co-ordinated calendar. This yearly cycle is organized around several milestones: the publication of the Annual Growth Survey by the Commission in November; the adoption of economic priorities by the March European Council; the submission of financial and economic plans by the governments in April; following which the Commission prepares the Country-Specific Recommendations, which get their eventual political endorsement by the European Council in June. Furthermore, the sanction potential of the procedure is increased by providing that, rather than that Commission recommendations require a qualified majority in the Council to be adopted, they now stand unless there is a qualified majority to reject or amend them.¹

Crucially, the European Semester is set up as a dialogical process in which the national policy plans are held up against pan-European guidelines but also these guidelines (as for instance contained in the Annual Growth Strategy and the policy guidelines of the European Council) are supposed to adjust reflexively. However, while much of this process can be characterized as 'soft policy', ultimately there remains the threat of penalties. While no financial sanctions have been imposed so far, the more direct threat that countries face is the prospect of more intensive policy scrutiny and ever more detailed prescriptions. Thus, Iain Begg (2013: 60) has aptly characterized the new EU economic governance as 'a system that relies primarily on deterrence'.

The implications that the reforms of EU economic governance have had for the locus and strength of executive power in the Union are severely contested (Schmidt 2016a). On the one hand, there are the advocates of the 'new inter-governmentalism' (Bickerton *et al.* 2015; Fabbrini 2016), who highlight that member states' main responses to crises in the EU have involved intensifying the deliberation and co-ordination among themselves rather than expanding the scope of the Community method and the institutions associated with it (the Commission and the EP). On the other hand, we find proponents of the 'new supranationalism' who submit that supranational institutions, like the ECB and the Commission, have seen a significant expansion of their powers and scope of action (Bauer and Becker 2014; Dehousse 2016).

These two positions may not be as mutually exclusive as is suggested (Schmidt 2016a). It is quite likely that, if the euro crisis has fed a greater centralization of economic governance in the EU, this is reflected in both the intergovernmental and the supranational institutions. However, the question of this contribution is more specific than the question of who has gained power, as it rather asks about executive authority and its accountability to parliament. This is the focus of the more detailed analysis of the following two sections, in which we first look at the relevant changes at the national level and then turn to the European level.

Sidelining national parliaments: a reinforced two-level game

Formally, the reforms adopted since the crisis have left the primacy of national policy-making in fiscal affairs intact. Above all, this is reflected by the fact that, regardless of all surveillance measures, the final approval of the budget remains in the hands of the national authorities. And while surveillance powers at the supranational level have been increased, member states have been very reluctant to delegate effective decision-power and retain the possibility to reverse the Commission's decisions (*cf.* Schmidt 2015: 99ff.).

Yet there is no denying that governments' fiscal policies have become more constrained (Scharpf 2011). Supranational surveillance has expanded in terms of scope, depth and bite. In practice, the European Semester's

constraining influence is very much an effect of the way it has been sequenced. The early start of the European Semester, in the final months of the year preceding the year in which the budget is adopted, means that the European level takes the lead in defining the main policy orientations as well as the scope for national discretion. It is European-level decisions like the Annual Growth Survey, the economic priorities and the Country-Specific Recommendations that set the overarching policy framework. Thus, the supranational constellation of the European Semester pushes governments in a reactive and defensive mode.

Consequently, the effect of the European Semester on the ability of national parliaments to scrutinize their governments' economic policy choices emerges as a reinforced 'two-level game' (cf. Benz 2013). Robert Putnam (1988) originally adopted the metaphor of a 'two-level game' to analyse the ways in which governments in international negotiations must navigate between two arenas, that of the international negotiation table and that of the domestic constituency represented by the national parliament. Putnam suggests that governments can use their privileged access to, and knowledge of, one level to increase their leverage at the other. By manoeuvring smartly between the two levels, governments can maximize their standing in the international negotiations while also gaining autonomy from their national constituency.

The European Semester has certainly not strengthened governments' powers. Instead, the qualification of a reinforced two-level game underlines that the Semester has very much tilted the balance of the fiscal two-level game to the supranational level. As governments find their economic policies conditioned by supranational targets and recommendations, their ability to respond to any wishes from their national parliament has become constrained.

Interestingly, however, the very reinforcement of the European reins on national budgets and fiscal policy has provoked an active response among many national parliaments (Fasone 2015; Jančić 2016). Many have used the European Semester to increase their consultation rights in the early stages of budget preparation and on the broader financial and economic frameworks that govern the budgetary process. By 2013, the vast majority of national parliaments in the EU discussed the Stability and Convergence Programmes and the National Reform Programmes that their governments submitted to the Commission (COSAC 2014: 42).

For sure, there is considerable variation in the ways national parliaments have responded to the European Semester. Hallerberg *et al.* (2017) find that it is not in the Euro area but rather in the Eurosceptic countries that are unlikely to ever adopt the euro (the United Kingdom, Sweden, Hungary, Denmark and the Czech Republic) where parliaments are most active in discussing their governments' plans. The scattered evidence on the depth of parliamentary

powers (COSAC 2014; European Parliament 2014) suggests furthermore that it is the Nordic parliaments (Latvia, Lithuania, Finland, Estonia), with a tradition of active EU scrutiny (Winzen 2012), where parliaments retain most powers over the government's exchange with the Commission. Beyond Northern Europe, the best-known case is probably the German *Bundestag* whose budgetary authority has been upheld and reinforced by the German Federal Constitutional Court (Hoing 2015). Also, the traditionally much weaker French *Assemblée Nationale* has seen its involvement in the budgetary process expanded (Jančić 2016: 243). Notably, even parliaments in Mediterranean countries like Italy, Spain and Portugal who have found themselves under severe budgetary pressures have been remarkably assertive in extending their involvement in the budgetary process (Fasone 2015: 20f.; Jančić 2016: 242f.). Still, as Jančić (2016: 225) concludes, on the whole these parliamentary initiatives 'do not outweigh the centralization of the nascent EU fiscal regime' and 'are unlikely substantially to influence EMU policy-making processes'.

In fact, national parliaments display a keen awareness of the limits of their span of control. Most of them are content to be involved in processes of consultation and deliberation with the government without any direct veto powers. Notably, some national parliaments (like the Austrian chambers [COSAC 2014: 43/4]) only get to discuss the government's Stability and Convergence Plans after they have already been sent to the European Commission. Other parliaments, like in the Benelux countries, do debate the plans before they are sent off, but have no powers to reject or amend them (European Parliament 2014: 2). Even the Danish *Folketinget* (2013), which (as so often) was a frontrunner in adapting to the European Semester, declined to claim a veto over its government's input into the European Semester. In the end, in a survey in 2014, the European Parliament (2014: 2) found that only the Latvian *Saeima* has the power to approve *and* to amend the Stability and Convergence Programme.

Thus, we find that many parliaments have responded to the European Semester by expanding their scrutiny over the national budget, but that they do so only in the lower ranges of accountability mechanisms (information, consultation and debate). When it comes to the substance of the budget, national parliaments tend to cave in as they recognize the Semester as a reinforced two-level game, part of which takes place beyond their span of control. This recognition of economic interdependence in the EU may be regarded as 'a sign of responsibility from the legislatures' (Fasone 2015: 26). Still, it inevitably also means that they recognize their powers to scrutinize and control economic policy to be limited (Laffan 2014). Indeed, the recognition that the European Semester transcends the powers of national parliaments motivates calls for reinforced parliamentary scrutiny at the European level (COSAC 2014: 47f.). Hence, we logically turn to the European Parliament as the parliamentary forum at the supranational level.

Sidelineing the European Parliament: the suspension of supranational political authority

While the European Parliament (EP) has had an important role in the legal establishment of the European Semester, it plays a remarkably marginal role in its actual execution (Fasone 2014; Schmidt 2015: 111). All the European Semester provides for is the 'economic dialogue' that the EP maintains with the Commissioner for Economic and Monetary Affairs, the (rotating) President of the Council and the Eurogroup President. Notably, however, these exchanges are mostly informative and consultative in character, and place the EP in a rather passive, receptive position.

This marginal position of the EP can be justified on the basis of the general principle, already cited in the introduction, that 'democratic control and accountability should occur at the level at which the decisions are taken' (Van Rompuy *et al.* 2012: 16). The presumption is then that the European Semester involves very few binding decisions that are adopted at the supranational level. What is more, as the Semester is an iterative process that moves to its conclusions in a step-by-step fashion, it is very hard to determine the decisive, political moment; at every stage it is possible for the actors involved to refer to the preceding step as conditioning their options. In the words of Mark Dawson (2015: 982): 'Decision-making never crystallizes ... into a "once and for all" agreement but acts as an ongoing series of open-ended "decisions"'. This situation is complicated further by the fact that the European Semester mixes general decisions with country-specific ones, and that these relate to different audiences. In the early phases of the Semester, the pan-EU frameworks are adopted, most notably the Annual Growth Survey and the economic priorities of the European Council, that offer strategic orientations but have no immediate effect. Nevertheless, they condition the subsequent assessments of the national and financial plans, but these are less suitable for supranational scrutiny as they relate to individual countries.

Regardless of the formal status of the positions adopted at the supranational level, they are certainly consequential, especially once one recognizes that, even if actual sanctions are unlikely to materialize, the Semester operates mainly through deterrence (Begg 2013: 60). Then, however, the big issue from a viewpoint of parliamentary accountability is that the structure of the European Semester makes it very difficult to determine the locus of political authority at the supranational level (*cf.* Crum and Curtin 2015: 82f.): while the governments, who are formally responsible, cannot be held accountable as a collective, the Commission that calls most shots in practice operates under the pretence that these are merely administrative decisions. As a consequence, no one is accountable.

For sure, in principle, political authority resides with the member governments. However, the national governments cannot themselves execute the

actual supervision of each other's financial and economic policies, as they want to maintain the political neutrality of the process (Savage and Howarth 2017). Hence, the logical solution is to delegate the administration of macroeconomic surveillance to a technical authority, the European Commission (Dehousse 2016: 626).

Indeed, in many respects the European Semester appears to give a particularly strong role to the European Commission, in particular because it is primarily responsible for drafting the recommendations (Bauer and Becker 2014; Dehousse 2016). However, the Commission is not a political institution in its own right; it is to promote 'the general interest of the Union' rather than that it holds a political mandate, its members are appointed rather than elected, and it exercises executive tasks that have been delegated to it by the Council and the EP. The formal primacy of the member states remains reflected in the fact that once the Commission has drafted its Country-Specific Recommendations, they still need the final endorsement of the Council and can, in principle, be recalled, albeit only by a qualified majority.

Since the Commission cannot claim a political mandate of its own, its decisions are guided by rules and benchmarks (Schmidt 2015). The most famous example is the original rule in the SGP that precluded EU governments from running a deficit above 3 per cent of their GDP. Further relevant priorities and benchmarks are laid down in the MIP, the Annual Growth Survey, and in the economic priorities adopted by the European Council. As the European Commission (e.g., 2015a: 4) itself is keen to underline, the credibility of the SGP requires it to operate as a 'rules-based system', which forecloses the possibility that the Commission exercises any political judgment for which it has not been authorized.

However, this rules-based understanding of the Commission's assessments is difficult to sustain in practice (Schmidt 2016b). This is evident in the set-up of the MIP where the 'alert thresholds' on the headline indicators do not automatically trigger a policy response but only serve a signalling function, which invites a closer and more holistic review of the relevant economic conditions and the threat they pose for other European economies. But also regarding the SGP, the European Commission has come to a more contextual appraisal of national performance. Step-by-step, the strict 3 per cent norm has been abandoned in favour of a 'Medium-Term Objective' (MTO) for each member state that defines the desired path of budgetary adjustment over time (cf. Mabbett and Schelkle 2016: 133/4). Indeed, by the Commission's own admission, some flexibility is indispensable in the way it executes its assessments:

It is on purpose that the Pact envisages flexibility in the way its rules should be applied, both over time and across countries. It is also on purpose that some discretion is left, within the agreed rules, for the Commission and the Council to

assess the soundness of public finances in the light of country-specific circumstances, in order to recommend the best course of action based on the latest developments and information. (European Commission 2015a: 4)

Vivien Schmidt (2016b) aptly characterizes this shifting position of the Commission as involving a reinterpretation of the rules 'by stealth'.

However, the recognition of the indispensability of context-sensitive judgments exposes a gap in supranational political authorization, as with this sphere of discretion the Commission inevitably moves beyond the instructions from the Council (*cf.* Dawson 2015; Schmidt 2015: 99). In practice, the two institutions aim to play down the 'disjunction between discourse and action' (Schmidt 2016b: 1033). The Commission threads cautiously in issuing its recommendations and seeks to anticipate as much as possible the will of the (majority of the) member states. In turn, the member states have actually been quite happy to leave the lead to the Commission and to adopt its proposals as a rallying point. Typically, even when it comes to the adoption of the political priorities at the March European Council, the Heads of Government tend to simply endorse the priorities of the Commission's Annual Growth Survey rather than to formulate their own (*e.g.*, European Council 2016: 3).

All in all, it is undeniable that the European Semester involves the making of political judgments at the European level, which are consequential in that they constrain member states' financial and economic decisions and are backed up by close surveillance and, ultimately, the threat of financial sanctions. Naturally, these political judgments should be subject to parliamentary control. However, while an extensive web of economic dialogue has developed at the European level, any effective powers to intervene have been withheld from the EP. The deeper problem is that it is not clear who should be held accountable because the locus of supranational political authority has been left suspended. The Commission lacks a political mandate of its own and hence presents all its decisions as mere executions of the rules set by the member states (often with endorsement of the EP). The member states are not politically accountable as a collective at the European level and, in the absence of a coherent political orientation of themselves, tend to rally behind the positions adopted by the Commission.

(Re)parliamentarizing EU economic governance

Having reviewed parliamentary powers in the European Semester at the national and the European level, the apparent logic of the 'guiding principle' that 'democratic control and accountability should occur at the level at which the decisions are taken' (Van Rompuy *et al.* 2012: 16) turns out to be rather deceptive. Formally, it can be maintained that the ultimate decision power

in economic and budgetary affairs remains at the national level, and hence no binding parliamentary powers are necessary at the supranational level. Yet, in practice, decisions at the national level have become more constrained, while the relevant decisions at the supranational are taken without it being clear who can be held accountable.

The central challenge, then, is whether it is possible to insert political responsibility and accountability into the kind of straddled decision-making structure to which the new economic governance in Europe has given rise. Following on the preceding analyses, four aspects in particular can be identified that can help to ensure that the shift in decision-making power in economic governance that the European Semester involves is met by an appropriate structure of parliamentary control: marking the political moment; embodying political authority; increasing the credibility of the EP; and reinforcing the capacities of national parliaments.

Marking the political moment

Before all else, it is essential to identify the key political moments in the iterative process of the European Semester. In principle, the critical political moment at the European level is the setting of the economic priorities by the March European Council. This is the moment for the member states to claim political control over the process and adjust the priorities depending on their appreciation of the political and economic conditions. What is more, the more the member states elaborate a substantial economic agenda, the less the Commission has to rely on automatic rules and benchmarks in drafting the subsequent policy recommendations.

However, as noted, governments have been reluctant to claim the March European Council as the moment to have a genuine political debate about the economic priorities for Europe. This unwillingness may be explained by the ideological differences within the European Council, which complicates the elaboration of any substantial collective economic strategy. Still, also among the governments (*cf.* Governo Italiano 2016), there are signs of growing frustration with the lack of a substantial and coherent political stance.

Apart from political will, one thing that can help to turn the March European Council into a genuine political moment would be for it to reduce the influence of the Commission's Annual Growth Strategy and to rather invite collectively discussed strategic agendas from the relevant sectoral Councils (i.e., the Councils for Economic and Financial Affairs [Ecofin] and for Employment, Social Policy, Health and Consumer Affairs [EPSCO]). The elaboration of more political agendas for the European Semester would also serve as useful reference points for the subsequent debates on the national plans in the member states.

Embodying political authority

As a complement to the marking of the political moment, for accountability to take place it is essential that political responsibility becomes embodied in some way. Even if the collective political authority of the member states is maintained, there is a need for a proper interlocutor at the European level, who can speak on their behalf and offer public justification of the decisions that the Council adopts, as well as of the ways these are administered. The typical way in which the EU has resolved this kind of situation is by 'double-hatting' executive responsibility between the Council and the Commission, the prime example being the High Representative for the Foreign Affairs and Security Policy (FASP), who is at the same time Vice-President of the European Commission.

Hence, one might envisage the establishment of a 'High Representative' for Economic Affairs who can both act as a special agent of the Council and draw on the Commission's administrative resources (*cf.* Enderlein and Haas 2015). Thus positioned, such a High Representative would play a critical role in reconciling the policy assessments of the Commission with the political backing of the member states. As the example of the High Representative for the FASP illustrates, such a supranational agent remains tied to the mandate that she is given by the national governments. Still, she can be an important policy entrepreneur and agenda setter in moving initiatives forward and in adopting positions that the governments left to themselves would be unlikely to speak out on. Crucially, for our purpose, such a High Representative could also act as a spokesperson for the EU's economic policy and offer justifications for it before the public and the parliament. Indeed, as a member of the Commission she would be subject to all the scrutiny powers that the EP commands.

Increasing the credibility of the European Parliament

The two preceding steps are actually preconditions for granting the EP more substantial powers in the European Semester. At present, the rights that the EP can claim in the context of the 'economic dialogue' are procedural in character: the right to be informed and to give advice. Notably, the 2015 Five Presidents' Report (Juncker *et al.* 2015: 17) suggests that Commissioners could appear more systematically before the EP, and that they and Council representatives could participate more regularly in interparliamentary meetings.

However, if we take it that ultimate political authority in economic affairs remains with the member states, then the Council rather than the Commission should be the EP's primary port of call. Here the establishment of a High Representative who can speak on behalf of the Council would be of much help in establishing a rapport between the Council and the EP. What is more, once the European Council takes greater political responsibility for

the policy priorities, the EP might be given the right to consent to these priorities, possibly through a process of joint decision-making between the Council and the EP modelled on existing conciliation practices (cf. the European Parliament's [2015: 13] own proposal for so-called 'Convergence Guidelines').

Inevitably, such steps will bring more politics to the process and reduce its rule-based character. This creates space to set political priorities and to adjust 'alert levels', certainly in the context of the MIP. Also, the flexibility that is now apparent in the interpretation of the SGP would then become subject to public debate, in which all too self-serving interpretations by the member states would need to be balanced by the other members, by the prudence of the Commission and by the political assessment of the EP.

Reinforcing the capacities of national parliaments

Clearly, however, as long as budgetary competences are ultimately exercised at the national level, national parliaments continue to fulfil key scrutiny roles. As indicated, many national parliaments have been remarkably active in responding to the new structure of EU economic governance. Still, most parliaments seem to be reluctant to directly interfere in the exchange between their government and the European Commission. This creates exactly the conditions under which the government can insist that its hand is forced by supranational imperatives.

Hence, if national parliaments want to retain their standing in economic affairs, they need to adopt a two-pronged strategy. On the one hand, depending on the constitutional conditions they face, they can maximize their involvement in the drawing up of the stability and reform national programmes in early spring. For that involvement to have any impact, one would expect them to be involved before the actual submission of the programmes rather than only after it (cf. Hallerberg *et al.* 2017; Kreilinger 2016: 32). Ideally, one would even want the programmes to be subject to parliamentary approval, as is already the case in some countries.

On the other hand, it is essential for national parliaments to increase their awareness of and their access to the supranational level. For that, the Interparliamentary Conference on Economic Governance is the natural channel. While this conference has so far disappointed as a forum for substantial political engagement (Cooper 2016; Kreilinger 2015), a more visible political framing of the European Semester – as aimed for by the preceding proposals – should serve to increase the stakes of these European exchanges. It should also encourage national parliamentarians to co-ordinate their input at the national level with the political priorities debated at the European level. What is more, the Interparliamentary Conference should serve to exchange initiatives and best practices in scrutinizing national governments and to

co-ordinate, wherever possible, political interventions across parliaments (cf. Crum and Fossum 2013).

Obviously, more involvement and awareness of national parliaments will mean that the rules and benchmarks propagated by Brussels will be less taken for granted and subject to greater politicization. Political contestation may well decrease compliance with the Country-Specific Recommendations. However, if such non-compliance is accompanied by a process of political exchange between the national and European level, it is actually in line with the dialogical character that the European Semester is supposed to have. Thus, greater non-compliance with Country-Specific Recommendations may well be the price to pay for the longer-term legitimacy of the European Semester as a process.

Conclusion

As key national competences become ever more closely co-ordinated at the supranational level, this creates a major challenge for parliamentary accountability. Accountability does not only require that decision-making capacity is matched by adequate parliamentary controls at each level; it also requires taking account of the peculiar ways in which the decision-making processes at the two levels interact. Thus, parliamentary accountability turns out to be particularly vulnerable in a multilevel setting, as its demands at each level may be met by a reference to the constraints at the other.

Concretely, we find that as the experience of the Euro crisis has led national economic policies to become incorporated in a dense web of European surveillance, the capacity of national parliaments to scrutinize the choices of their governments has become severely strained. At the same time, no effective parliamentary accountability has developed at the European level; at that level, political authority remains suspended between the collective of national governments and the (quasi-)technocratic assessments by the Commission, leaving the EP without any authority to hold to account.

A crucial precondition for parliamentary accountability to operate effectively in such a multilevel context is that executive authority can be attributed to a well-specified executive actor. Hence, it is of particular importance in an iterative process like the European Semester that the key political moments are properly marked and that at the European level a political authority is established who can be held answerable for the decisions adopted. Only with these conditions in place can the EP claim a more substantial and consequential role in the process. At the same time, a better readability of the supranational political process can also complement the efforts of national parliaments to engage effectively and to co-ordinate their interventions.

Naturally, effective parliamentary accountability of the European Semester will expose the political choices made to greater contestation and reduce the reliance on rules and benchmarks. While such a shift may indeed reduce member state compliance with the Country-Specific Recommendations, it will reinforce the character of the European Semester as a dialogical process rather than a hierarchical one. At the same time, increasing parliamentary accountability across levels need not necessarily increase the centrifugal tendencies. On the contrary, considered as a package, the suggested guidelines require parliaments to co-ordinate their activities among each other and to more consistently perceive their own role within the broader context of the multilevel system of EU governance as a whole. In that sense, greater parliamentary accountability should eventually contribute to the collective ownership of the European Semester.

Note

1. The one exception in this regard is the launch of an excessive imbalance procedure under the MIP, which requires the usual qualified majority in the Council.

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